

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07
EA-07 FRB-03 INR-07 IO-13 NEA-10 NSAE-00 USIA-06
OPIC-03 SP-02 TRSE-00 LAB-04 EPG-02 SIL-01
AGRE-00 OMB-01 L-03 H-01 NSC-05 SS-15 STR-04
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R 071845Z JUL 77
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 5328

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USOECD

PASS: E FOR COOPER, CEA FOR SCHULTZE, TREAS FOR
SOLOMON, FRB

E.O. 11652: N/A
TAGS: OECD, ECON, EFIN
SUBJECT: FOLLOWUP TO JUNE 23-24 OECD MINISTERIAL:
PRELIMINARY SUBMISSION OF GROWTH AND STABILIZATION
OBJECTIVES FOR 1978

REF: PARIS 18758

1. PURSUANT TO THE AGREEMENT AT THE JUNE 23-24 OECD
MINISTERIAL (SEE REFTEL) THAT COUNTRIES WOULD COMMUNICATE
TO THE ORGANIZATION THEIR PRELIMINARY OBJECTIVES FOR THE
GROWTH OF OUTPUT AND DOMESTIC DEMAND AND THEIR STABILIZA-
TION POLICIES FOR 1978, OECD SEC-GEN VAN LENNEP HAS CIR-
CULATED FOLLOWING LETTER DATED JULY 6 TO HEADS OF DELE-
GATIONS: ACTION REQUESTED: U.S. SUBMISSION, AS INDI-
CATED IN LETTER, BY OCTOBER 14.

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BEGIN TEXT

THE OECD COUNCIL, MEETING AT MINISTERIAL LEVEL ON 22ND
AND 23RD JUNE, AGREED ON THE NEED TO ENSURE THAT OBJEC-
TIVES AND POLICIES FOR EXPANSION AND STABILISATION,
WHILE NECESSARILY VARYING BETWEEN MEMBER COUNTRIES,
PROVIDE THE BASIS FOR THE SUSTAINED NON-INFLATIONARY

GROWTH AIMED AT IN THE OECD'S MEDIUM-TERM STRATEGY. IN ORDER TO STRENGTHEN PROCEDURES FOR MONITORING PROGRESS TO THIS END, THEY DECIDED THAT "MEMBER COUNTRIES WOULD COMMUNICATE THEIR PRELIMINARY OBJECTIVES FOR THE GROWTH OF OUTPUT AND DOMESTIC DEMAND AND THEIR STABILISATION POLICIES FOR 1978 TO THE ORGANISATION SO THAT THEIR MUTUAL CONSISTENCY AND GLOBAL IMPLICATIONS CAN BE EXAMINED, AND CAN THEN PROVIDE THE BASIS FOR MONITORING PROGRESS DURING THE COURSE OF NEXT YEAR" /C(77)113, FINAL, PARAGRAPH 14/.

I THINK IT IS GENERALLY UNDERSTOOD THAT THIS EXERCISE WOULD PRIMARILY TAKE PLACE IN THE ECONOMIC POLICY COMMITTEE, SUPPORTED WHERE NECESSARY BY OTHER COMPETENT BODIES, BEGINNING WITH THE MEETING WE HAVE SCHEDULED FOR THE COMING NOVEMBER. I WOULD THEREFORE ASK YOU TO COMPLY WITH THE FOLLOWING SUGGESTIONS SO THAT THE EPC CAN CARRY OUT THE MINISTERIAL MANDATE:-

1. DELEGATIONS ARE ASKED TO COMMUNICATE TO THE SECRETARIAT, NOT LATER THAN 14TH OCTOBER, 1977, STATEMENTS OF CERTAIN OBJECTIVES FOR 1978:-

(A) FIGURES FOR THE DESIRED YEAR-ON-YEAR INCREASE IN REAL GDP (OR GNP) AND DOMESTIC DEMAND, ADDING WHERE POSSIBLE THE HALF-YEARLY OR QUARTERLY PROFILE;
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(B) INDICATIONS - WHERE NECESSARY IN MORE QUALITATIVE TERMS - CONCERNING PRICE PERFORMANCE AND THE BROAD MAGNITUDES AND DIRECTIONS OF CHANGE THOUGHT APPROPRIATE IN THE BALANCE OF PAYMENTS ON CURRENT ACCOUNT;

(C) TO FACILITATE EXAMINATION OF THE CONSISTENCY OF INDIVIDUAL COUNTRIES' OBJECTIVES, ASSUMPTIONS CONCERNING THE VOLUME OF MERCHANDISE EXPORT GROWTH ON WHICH THE GDP (GNP) AIM IS BASED, AND THE RISE IN THE VOLUME OF MERCHANDISE IMPORTS LIKELY TO BE ASSOCIATED WITH IT, SHOULD BE STATED.

2. IT IS UNDERSTOOD THAT THE OBJECTIVES THUS COMMUNICATED MAY IN SOME CASES BE OF A PROVISIONAL NATURE, TO BE FOLLOWED LATER BY MORE DEFINITIVE OBJECTIVES. ALL SUCH COMMUNICATIONS WOULD OF COURSE BE TREATED AS CONFIDENTIAL MATERIAL SUBMITTED TO THE OECD.

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3. THE SECRETARIAT WOULD ADD TO THE INFORMATION THUS PROVIDED AN ANALYTICAL NOTE ON THE COHERENCE AND GLOBAL IMPLICATIONS OF THE OBJECTIVES, AND THE MATERIAL WOULD BE CONSIDERED BY THE ECONOMIC POLICY COMMITTEE AT ITS MEETING IN NOVEMBER 1977. THE ECONOMIC POLICY COMMITTEE AND OTHER COMPETENT BODIES OF THE ORGANISATION WOULD SUBSEQUENTLY BE RESPONSIBLE FOR THE CONTINUING ANALYSIS AND MONITORING OF THE OBJECTIVES AND THEIR REALISATION DURING 1978.

THIS IS A POTENTIALLY VERY IMPORTANT EXERCISE FOR ALL OF US, AND I SHOULD LIKE TO EXPRESS MY STRONG HOPE THAT WE CAN GET IT OFF TO A GOOD START NEXT NOVEMBER. THE QUALITY OF DISCUSSIONS IN THE EPC DEPENDS GREATLY ON THE TIME AVAILABLE, BEFORE MEETINGS, TO CONSIDER THE MATERIAL PROVIDED BY THE SECRETARIAT. HENCE THE IMPORTANCE OF ENSURING THAT THE 14TH OCTOBER DEADLINE SUGGESTED FOR YOUR COMMUNICATIONS IS RESPECTED BY ALL.

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I AM SENDING THIS LETTER TO HEADS OF DELEGATIONS AND
ALSO TO SIR DOUGLAS ALLEN, CHAIRMAN OF EPC.

ACCEPT, SIR, THE ASSURANCES OF MY HIGHEST CONSIDERATION.

/SIGNED/ E. VAN LENNEP END TEXT

SALZMAN

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Message Attributes

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